

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE GARRARD COUNTY WATER ASSOCIATION)
INC., APPLICATION FOR CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY, AND) CASE NO. 8968
APPLICATION FOR ORDER AUTHORIZING ISSUE)
OF NOTE)

O R D E R

The Garrard County Water Association, Inc., ("Garrard County") filed an application on January 20, 1984, for approval of adjustments to its water service rates, authorization to construct a \$958,500 waterworks improvements project and approval of its financing for this project. Garrard County's financing includes \$63,000 from applicants for service in the project area, a Farmers Home Administration ("FmHA") grant for \$436,500, and a \$459,000 FmHA loan at 9 1/8 percent interest. The loan will be secured by a real estate mortgage. The repayment period will be 40 years. The proposed improvements should extend service to approximately 252 customers. Drawings and specifications for the proposed improvements as prepared by Kennoy Engineers, Inc., of Lexington, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

On March 8, 1984, Garrard County, by counsel, filed a Motion with the Commission requesting that it be permitted to withdraw its application for a rate increase on the grounds that,

upon a determination of Garrard County's projected financial structure, a rate increase would not be necessary at the present time. This request was granted by Commission Order on March 16, 1984.

FINDINGS AND ORDERS

The Commission, after consideration of the application and evidence of record and being advised, is of the opinion and finds that:

1. Public convenience and necessity require that the construction proposed in the application and record be performed and that a certificate of public convenience and necessity be granted.

2. The proposed construction includes about 33 miles of new water lines, a booster pumping station, a 10,000-gallon water storage tank, and miscellaneous appurtenances thereto to provide service to about 252 additional customers. The low bids received for the proposed work totaled \$705,793, which will require about \$958,500 after allowances are made for fees, contingencies and other indirect costs.

3. Any deviations from the construction herein approved which could adversely affect service to any customer should be subject to the prior approval of this Commission.

4. The proposed borrowing of \$459,000 is for lawful objects within the corporate purposes of Garrard County, is necessary and appropriate for and consistent with the proper performance of services to the public by Garrard County, and will not impair its ability to perform these services.

5. The financing secured by Garrard County for this project will be needed to pay for the work herein approved. Garrard County's financing plan should, therefore, be approved.

6. Garrard County should furnish duly verified documentation of the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed.

7. Garrard County's contract with its Engineer should require the provision of full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This supervision and inspection should insure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

8. Garrard County should require the Engineer to furnish a copy of the record drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

9. A 5/8" x 3/4" meter should be the standard customer service meter and should be installed at all points of service

unless the customer provides sufficient justification for the installation of a larger meter. Further, any customer with a larger meter, with the exception of special contract customers, should pay for the service in accordance with Garrard County's approved meter size rate schedule.

10. Garrard County should file with the Commission a copy of all contractual agreements for the provision of services or the purchase of services which are subject to the approval of this Commission.

IT IS THEREFORE ORDERED that Garrard County be and it hereby is granted a certificate of public convenience and necessity to proceed with the waterworks improvements project set forth in the drawings and specifications of record herein.

IT IS FURTHER ORDERED that any deviations from the approved construction that could adversely affect service to any customer shall be subject to the prior approval of this Commission.

IT IS FURTHER ORDERED that Garrard County's plan for financing its construction work in the amount of \$958,000, including a 40-year loan of \$459,000 at 9 1/8 percent interest from the FmHA, be and it hereby is approved.

IT IS FURTHER ORDERED that Garrard County shall file with the Commission duly verified documentation which shows the total costs of construction herein certificated including all capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed.

IT IS FURTHER ORDERED that the contract between Garrard County and its Engineer shall require the provision of full-time

resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This supervision and inspection shall insure that the construction work is done in accordance with the contract plans and specifications and in conformance with the best practices of the construction trades involved in the project.

IT IS FURTHER ORDERED that Garrard County shall require the Engineer to furnish to the Commission a copy of the record drawings and a signed statement that the construction has been satisfactorily completed and done in accordance with the contract plans and specifications within 60 days of the date of substantial completion of the proposed construction.

IT IS FURTHER ORDERED that a 5/8" x 3/4" meter shall be the standard customer service meter and shall be installed at all points of service unless the customer provides sufficient justification for the installation of a larger meter. Further, any customer with a larger meter, with the exception of special contract customers, shall pay for that service in accordance with Garrard County's approved meter size rate schedules.

IT IS FURTHER ORDERED that Garrard County shall file with the Commission a copy of all contractual agreements for the provision of services or for the purchase of services which are subject to the approval of this Commission.

Done at Frankfort, Kentucky, this 7th day of August, 1984.

PUBLIC SERVICE COMMISSION

Richard D. Hemmick
Chairman

Paul D. [unclear]
Vice Chairman

[unclear]
Commissioner

ATTEST:

Secretary